

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 229824
ORIGIN ARA-15

INFO OCT-01 ISO-00 SPTA-02 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 FMC-01 DOTE-00
CG-00 /069 R

DRAFTED BY ARA/PAN:WMILLAN:CEH
APPROVED BY ARA/PAN:JCHAAHR
ECP:GFALK
-----082865 120208Z /15
P 112115Z SEP 78
FM SECSTATE WASHDC
TO AMEMBASSY PANAMA PRIORITY

LIMITED OFFICIAL USE STATE 229824

E.O. 11652:N/A

TAGS:EINV, EWWT, PN

SUBJECT:POSSIBLE U.S. INVESTMENT IN COCO SOLO PORT

1. DEPARTMENT WAS VISITED SEPT 8 BY A MR. GILBERT, DIRECTOR OF NEW BUSINESS DEVELOPMENT FOR THE SEALAND CONTAINER-SHIP LINE (OWNED BY THE R.J. REYNOLDS CONGLOMERATE). GILBERT REVEALED THAT THE GOP HAS CONTACTED HIS COMPANY ABOUT A POSSIBLE MANAGEMENT ROLE IN THE CONTAINER PORT TO BE BUILT AT COCO SOLO.

2. SEALAND MIGHT INVEST AS MUCH \$ 15 MILLION DOLLARS IN THE PROJECT. THIS WOULD BE EXCLUSIVELY FOR CARGO-HANDLING MACHINERY (SUCH AS LARGE CRANES). NONE OF THE SEALAND INVESTMENT WOULD GO FOR THE ACTUAL CONSTRUCTION OF THE PORT PROPER. SEALAND HAS NOT YET MADE ANY DETERMINATION ON THE PROJECT, ACCORDING TO MR. GILBERT, AND IS ALSO CONSIDERING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 229824

A MORE LIMITED ROLE, IN WHICH THE COMPANY WOULD SELL ITS TECHNOLOGY AND EXPERIENCE TO THE GOP ON A TURN-KEY BASIS DURING THE START-UP PERIOD, BUT WOULD THEN WITHDRAW FROM ACTIVE PARTICIPATION.

3. SEALAND WAS TEMPTED TO MINIMIZE INVESTMENT BECAUSE, AS GILBERT PHRASED IT, THE GOP'S CONSULTANTS IN WRITING THE

PROJECT FEASIBILITY STUDY HAD, "BLOWN SMOKE UP THEIR

SKIRTS". SEALAND WAS SOMEWHAT SKEPTICAL THAT THE PORT WOULD BE PROFITABLE; THOUGH IT MIGHT WELL PROVE VALUABLE TO PANAMA IN THE LONG RUN, THROUGH INDIRECT ECONOMIC ITS, THE PORT ITSELF MIGHT NEED SUBSTANTIAL GOP SUBSIDIES TO CARRY ITS DEBT LOAD AND OPERATING EXPENSES. GILBERT ASKED IF THE GOP HAD SHOWN A WILLINGNESS TO SUPPORT PROJECTS WITH SUBSIDIES, AND SEEMED INTERESTED IN A BRIEF HISTORY OF THE LA VICTORIA SUGAR OPERATION.

4. GILBERT OFFERED SOME INTERESTING REASONS FOR THE SEALAND SKEPTICISM ABOUT COCO SOLO PROFITABILITY. IDEALLY, HE NOTED, THERE SHOULD BE A CONTAINER PORT AT EACH END OF THE CANAL, SO THAT CONTAINER OPERATIONS COULD BE CARRIED OUT WHILE AWAITING CLEARANCE TO TRANSIT. A PORT ON THE ATLANTIC SIDE ONLY WILL REQUIRE EAST-BOUND VESSELS, AFTER WAITING ABOUT THIRTY HOURS TO TRANSIT, TO WASTE ADDITIONAL TIME IN CONTAINER OPERATIONS. YET, HE NOTED, THE VOLUME OF CONTAINER TRAFFIC WOULD NOT JUSTIFY A COMPLETE CONTAINER PORT ON EACH COAST. SINCE PANAMANIAN LABOR OFFERED FEW ADVANTAGES IN TERMS OF COST OR PRODUCTIVITY, THE TENDENCY WOULD BE FOR EAST-BOUND TRAFFIC TO BY-PASS COCO SOLO AND USE CONTAINER FACILITIES IN OTHER CARIBBEAN PORTS, CITING JAMAICA. IF CONGRESS SHOULD LEGALIZE EXPORT OF ALASKAN CRUDE OIL, THUS REDUCING CANAL TRAFFIC AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 229824

AVERAGE TRANSIT TIME, THE COCO SOLO PORT WOULD BECOME RELATIVELY MORE ATTRACTIVE, THUS RETURNING TO PANAMA SOME OF THE BENEFITS LOST DUE TO REDUCED CANAL TRAFFIC.

5. GILBERT GAVE NO INDICATION WHAT DECISION HIS COMPANY MIGHT REACH ON ITS COCO SOLO ROLE. HE DID REVEAL THAT A SR. CANO, IDENTIFIED AS THE CHIEF GOP OFFICIAL FOR PORTS AND HARBORS, WILL VISIT NEW YORK SEPT 21-22 TO DISCUSS MATTERS WITH SEALAND OFFICERS. A COMPANY DECISION CAN BE EXPECTED NOT TOO LONG THEREAFTER. CHRISTOPHER

LIMITED OFFICIAL USE

NNNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENTS, PORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE229824
Document Source: CORE
Document Unique ID: 00
Drafter: WMILLAN:CEH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780381-0898
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780980/aaaacobj.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3e8fe852-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1482222
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE U.S. INVESTMENT IN COCO SOLO PORT
TAGS: EINV, EWWT, PN
To: PANAMA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3e8fe852-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014